

SIPC v BLMIS

Sala 5/19/2016

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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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SECURITIES INVESTOR PROTECTION  
CORPORATION,

Adv.Pro.No.  
08-01789(SMB)

Plaintiff,

SIPA Liquidation

v.

(Substantially  
Consolidated)

BERNARD L. MADOFF INVESTMENT  
SECURITIES, LLC,

Defendant.

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In Re:

BERNARD L. MADOFF,

Debtor.

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Videotaped Deposition of JO ANN SALA as  
reported by Nancy C. Bendish, Certified Court  
Reporter, RMR, CRR and Notary Public of the  
States of New York and New Jersey, at the home  
of JO ANN SALA, Redacted ,  
Redacted , on Thursday, May 19, 2016, commencing  
at 10:05 a.m.

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1 Q. So, I understand that you worked  
2 in the -- with the convertible arbitrage  
3 strategy. As part of your work, did you  
4 interact with BLMIS customers?

5 A. Yes.

6 Q. And how did you interact with  
7 them? Did you do that over the phone?

8 A. Yes. Mostly over the phone.

9 Q. And did BLMIS customers write to  
10 you?

11 A. Yes.

12 Q. And what was the subject matter,  
13 in a general sense, of what the BLMIS customers  
14 contacted you about?

15 A. Their profits, when their check  
16 was coming, if they were going to send more  
17 money or they needed more money than the profit.

18 Q. And to your knowledge, when  
19 profits were sent to a customer, were they sent  
20 by check?

21 A. Yes. Some of them were wired.

22 Q. Some of the profits were sent by  
23 wire transfer?

24 A. Yeah. Most of them were by check.

25 Q. Ms. Sala, can you describe the

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1 process at BLMIS when a customer opened an  
2 account with BLMIS?

3 A. They would send the check. We  
4 would open the account and invest that initial  
5 money into stock, and that's it.

6 Q. And when you say "we," can you  
7 tell me who you're referring to?

8 A. Well, I had to get the okay from  
9 Bernie or Annette to open the account for  
10 someone. It wasn't -- they didn't open it for  
11 anybody.

12 Q. Bernie, I should say, not Annette.  
13 You had to talk to him to open an account.

14 Q. And how often on a weekly basis  
15 did you interact with Bernard Madoff during your  
16 employment?

17 A. In the beginning, when we were on  
18 Wall Street, everybody was on one floor and I  
19 spoke to him more because I used to do like  
20 telexes for him, checkbook and stuff. But then  
21 once we moved we were on different floors. I  
22 didn't talk to him much at all.

23 Q. And in the beginning when you  
24 testified you were on the same floor, did you  
25 speak with him about customer accounts or other

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1 customer account?

2 A. I didn't, no.

3 Q. Do you know who did fill out forms  
4 when an account was opened?

5 A. No.

6 Q. Are you aware that forms were  
7 filled out when an account was opened?

8 A. No.

9 Q. And how did BLMIS keep track of  
10 the customer accounts when you began working  
11 with customer accounts in 1984?

12 A. Everything was handwritten in  
13 binders.

14 Q. To your knowledge were -- did  
15 customers write to BLMIS with requests relating  
16 to their accounts?

17 A. Yes.

18 Q. And where were those written --  
19 where was that written correspondence  
20 maintained?

21 A. In their files.

22 Q. And what would a customer file  
23 consist of?

24 A. Things such as a capital  
25 withdrawal, or if they were going to change the

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1 name on an account, it all had to be in writing.

2 Q. And all of the customer  
3 correspondence that you've referenced, was that  
4 maintained in a folder?

5 A. Yes.

6 Q. And where were the folders  
7 maintained at BLMIS?

8 A. In the file cabinet in my office.

9 Q. And your office was located -- in  
10 the time period in which BLMIS was located at  
11 53rd Street, your office was located on the 17th  
12 floor?

13 A. I was just thinking about  
14 something, I'm sorry. I was trying to remember  
15 what those files were in the back and what I  
16 would do with a letter. You know, I can't be  
17 sure. I can't be sure.

18 Q. When mail was sent to BLMIS, where  
19 did it go?

20 A. If it was requesting money, it  
21 came up to Annette's office, and she gave it to  
22 whoever it pertained to.

23 Q. When you received a customer  
24 request related to an account that you worked  
25 with, what did you do after you reviewed the

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1 A. No, that's fine.

2 (Trustee Exhibit 23 marked for  
3 identification.)

4 Q. Ms. Sala, I'm showing you a  
5 document that's been marked Trustee Exhibit 3 --  
6 Exhibit 23, I'm sorry, which is bearing the  
7 Bates label beginning with AMF00162329.

8 Ms. Sala, if you could just take a  
9 moment to review this document. Let me know  
10 when you're ready.

11 A. I'm ready.

12 Q. So, Ms. Sala, I'd like to just  
13 start with the very first page of the document  
14 ending in AMF00162329.

15 Ms. Sala, does this look like the  
16 type of folder that you referred to earlier?

17 A. Yes.

18 Q. And does this appear to you to be  
19 a customer file maintained by BLMIS?

20 A. Yes.

21 Q. And does this appear to be the  
22 type of file where BLMIS stored correspondence  
23 from customers?

24 A. Yes.

25 Q. The very first page of the

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1 document has what appears to be a manila folder  
2 bearing the numbers 1C1047 and the name of Hanoh  
3 Charat. To your knowledge is 1C1047 a BLMIS  
4 account number?

5 A. Yes.

6 Q. And is Hanoh Charat a BLMIS  
7 customer?

8 A. Yes.

9 Q. Do you know Hanoh Charat?

10 A. No.

11 Q. Do you recall ever dealing with  
12 Hanoh Charat by phone or by correspondence?

13 A. No.

14 Q. I'd like to turn to the second  
15 page of the document that's marked AMF00162330.

16 Ms. Sala, what does the top of the  
17 document say?

18 A. Name/address file maintenance.

19 Q. And do you know what that refers  
20 to?

21 A. Just all their information.

22 Q. And is this a form of BLMIS's that  
23 you've seen before?

24 A. Yes.

25 Q. What was that -- this form used

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1 for at BLMIS?

2 A. When they opened an account, to  
3 see if it was, you know, for their name and  
4 address, their account number and if they were  
5 going to receive profits.

6 Q. Okay, so let's just take that one  
7 by one.

8 At the top of the document it says  
9 account number 1C1047-10, correct?

10 A. Right.

11 Q. And the dash 10 are the  
12 sub-accounts that you testified about earlier?

13 A. Yes.

14 Q. And these are the types of  
15 accounts that you worked with?

16 A. Yes.

17 Q. Turning to line 1 it says "Hanoh  
18 Charat," which is the customer name that  
19 appeared on the front page of the folder,  
20 correct?

21 A. Right, yes.

22 Q. And it has an address listed below  
23 that, correct?

24 A. Yes.

25 Q. And then turning to the bottom of



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1 A. Okay.

2 Q. Trustee Exhibit 33 is a document  
3 bearing the Bates number MF00456555 and is dated  
4 September 1990 -- September 30th, 1992, Doris  
5 Zimmeth, account 1-Z0009-1-0.

6 Ms. Sala, do you recognize this  
7 document?

8 A. Yes.

9 Q. And what is this document?

10 A. A statement.

11 Q. A statement for Doris Zimmeth?

12 A. Yes.

13 Q. I'd like to direct your attention  
14 to a transaction on September 22nd. The  
15 transaction description reads "check Staples,  
16 PW, \$173.92." Do you see that?

17 A. Yes.

18 Q. What does that transaction  
19 represent to you?

20 A. Profit that she made on Staples.

21 Q. And to your knowledge a check  
22 would have been sent to Doris Zimmeth in the  
23 amount of \$173.92, correct?

24 A. Yes. Yes.

25 Q. Turning to Trustee Exhibit 34,

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1 which is the next page I've placed before you,  
2 that is a document bearing the Bates number  
3 MF00545146, has the title "Arbitrage Portfolio  
4 Transactions."

5 Ms. Sala, are you familiar with  
6 this document?

7 A. No.

8 Q. Have you ever seen this type of  
9 document?

10 A. No.

11 You know what, I think at the end  
12 of the year we used to run this program. I  
13 really -- I'm not sure, so I don't want to say  
14 anything about it. I can't remember.

15 Q. Okay. Do you know if this  
16 document was generated by a computer at BLMIS?

17 A. Yes.

18 Q. And if I can direct your attention  
19 to the third account listed on the page,  
20 1-Z00091, Doris Zimmeth?

21 A. Right.

22 Q. Is that a BLMIS account customer  
23 to your knowledge?

24 A. Yes.

25 Q. Looking at the transactions listed

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1 Q. That's okay. So that amount that  
2 you just read, that does not relate to "check  
3 Pep Boys"?

4 A. No, no. The Pep Boys check is  
5 the...

6 Q. If I could direct your attention  
7 to the bottom part of Trustee Exhibit 37, when  
8 we were discussing the Pep Boys trade, in the  
9 column that is entitled "Difference," what do  
10 you see there relating to Pep Boys?

11 A. \$2,627.74.

12 Q. And does that amount correspond to  
13 the profit withdrawal transaction --

14 A. Yes, it does.

15 Q. -- on Trustee's Exhibit 38?

16 A. Yes.

17 Q. And to your knowledge the profit  
18 withdrawal transaction on Trustee Exhibit 38  
19 corresponds to a check to the customer in the  
20 same amount?

21 A. Yes.

22 Q. You can put that down.

23 I want to show you what's been  
24 marked as Trustee Exhibit 39 which, for the  
25 record, bears the Bates number MF00545005. I'm

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1       sorry. I read the wrong number. Let me correct  
2       that.

3                       Trustee Exhibit's 39 bears the  
4       Bates number MF00544732.

5                       Ms. Sala, can you identify this  
6       document?

7               A.       It's a statement. No, this is --  
8       no, this is not a statement. This is a  
9       portfolio management that we do at the end of  
10      the year.

11            Q.       And what's the title of this  
12      document?

13            A.       "Arbitrage Portfolio Management  
14      Report as of 12/31/92."

15            Q.       And are you familiar with this  
16      document through your work at the end of the  
17      year?

18            A.       Yes.

19            Q.       And do you see at the top left  
20      corner of this document, what account number do  
21      you see?

22            A.       1-B0022-1.

23            Q.       Whose account is that?

24            A.       Aaron Blecker.

25            Q.       And is that the account we were

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1 just discussing in Trustee's Exhibit 38, 37 and  
2 36?

3 A. Yes.

4 Q. And in Trustee Exhibit 38 we  
5 identified a profit withdrawal transaction to  
6 Mr. Blecker, correct?

7 A. Yes.

8 Q. And turning back to Trustee  
9 Exhibit 39, can you tell me what initial  
10 investment means for Aaron Blecker, account  
11 number 1-B0022-1.

12 A. That's the money he started out  
13 with.

14 Q. And how much did he start out  
15 with?

16 A. \$104,014.84.

17 Q. And under the -- the next line  
18 down, can you read that for me?

19 A. Capital additions, he added  
20 \$100,000 to his account.

21 Q. And the next line, what does that  
22 read?

23 A. Capital withdrawals, nothing.

24 Q. And the reason why you know he had  
25 a nothing is because that amount is blank on the

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1 right side of the page?

2 A. Exactly, yes.

3 Q. Can you read for me the next line  
4 underneath that.

5 A. The profits withdrawn was  
6 16,858.40.

7 Q. Okay. And to your knowledge that  
8 amount represents the amount withdrawn by Aaron  
9 Blecker in the year of 1992?

10 A. Yes.

11 Q. And that amount relates to profits  
12 relating to the convertible arbitrage strategy?

13 A. Yes, yes. Only profits.

14 Q. And that amount comprises the  
15 total amount of checks sent to Aaron Blecker  
16 relating to profits in his account 1-B0022 for  
17 the year 1992?

18 A. Yes.

19 MS. CHAITMAN: Objection to form.

20 Q. You can answer.

21 A. Yes.

22 Q. I'm going to show you what's been  
23 marked as Trustee Exhibit 40, which bears the  
24 Bates number MF00545005.

25 Ms. Sala, do you recognize this

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1 identification.)

2 Q. I'm placing before you what's been  
3 marked Trustee Exhibit 41, which bears the Bates  
4 number MF00483468.

5 Ms. Sala, can you identify this  
6 document?

7 A. It's a statement for Aaron  
8 Blecker.

9 Q. And what is the account number  
10 associated with it?

11 A. 1-00254-1-0.

12 Q. And that appears to be an older  
13 account number?

14 A. Yes, it is.

15 Q. Before they switched to an  
16 alphanumeric system?

17 A. Yes.

18 Q. The account number that's on the  
19 top of the page, 1-00254-1-0, is that an  
20 arbitrage account?

21 A. Yes, it is.

22 Q. I'd like to direct your attention  
23 to two transactions. The first one is on June  
24 17th to check Health South, PW, in the amount of  
25 \$3,230.02. Do you see that transaction?

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1 A. June?

2 Q. I'm sorry, July.

3 MS. CHAITMAN: I believe that's  
4 July.

5 Q. I'm sorry, I misspoke. July.  
6 I have a ruler, if it's easier for  
7 you to see.

8 A. No, that's okay. I didn't see  
9 June on here.

10 Q. I misspoke. It's July. I  
11 apologize.

12 A. Okay.

13 Q. So I was asking about the  
14 transaction on July 17th with a description of  
15 "check Health South"--

16 A. Yes.

17 Q. -- for an amount of \$3,230.02.

18 A. Yes.

19 Q. Do you see that transaction?

20 A. Yes, I do.

21 Q. And what does that transaction  
22 reflect to you?

23 A. The profit that Aaron Blecker made  
24 on Health South.

25 Q. Okay. I'd like to go back to



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1 Trustee Exhibit 22, I'm going to place before  
2 you now. And if you could turn to the page that  
3 ends in the Bates number 1651. If you can place  
4 Trustee's Exhibit 41 and Trustee's Exhibit 22  
5 side by side.

6 A. Um-hum.

7 Q. Do you have Trustee's Exhibit 22,  
8 the page that ends in 1651?

9 A. Yes.

10 Q. Do you see any entries on  
11 Trustee's Exhibit 22 in the page ending in 1651  
12 relating to Aaron Blecker?

13 A. Yes.

14 Q. Can you identify what that  
15 transaction is?

16 A. A profit withdrawal of \$12,364.06  
17 and a profit of \$3,230.02.

18 Q. Okay. Sticking with the --

19 A. Oh, I'm sorry. That's Arthur.

20 Q. Okay.

21 A. Arthur, the first one. It's just  
22 \$3,230.02, profit withdrawal.

23 Q. And that relates to Aaron Blecker,  
24 correct?

25 A. Yes, um-hum.

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1 Q. And the account number that's  
2 listed on the spiral notebook ending in page  
3 1651 of Trustee Exhibit 22, which account number  
4 is associated with Aaron Blecker?

5 A. The 100254-1-0, the older number.

6 Q. And that's the same account number  
7 that's reflected in Trustee Exhibit 41?

8 A. Yes.

9 Q. And based on your comparison of  
10 Trustee Exhibit 22 and Trustee Exhibit 41, do  
11 these transactions for Mr. Aaron Blecker match?

12 A. Yes, they do.

13 Q. In keeping with Trustee's Exhibit  
14 22, with page number ending in 1651, what is  
15 this document?

16 A. It's the check-out book.

17 Q. And the check-out book reflects  
18 checks, check payments that were made to  
19 customers, correct?

20 A. Yes.

21 Q. And the customer that received the  
22 check in the check-out book is listed by name,  
23 correct?

24 A. Yes.

25 Q. And in this instance Aaron

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1 Blecker's name is listed in the check-out book,  
2 correct?

3 A. Yes.

4 Q. And that indicates that he  
5 received a check of \$3,230.02 relating to  
6 profits in Health South, correct?

7 A. Yes.

8 Q. And that transaction is also  
9 reflected on his customer statement of July  
10 31st, 1992?

11 A. Yes, it is.

12 Q. Ms. Sala, we are done with Exhibit  
13 41. I'm going to ask you to keep Trustee's  
14 Exhibit 22, because I'm going to refer to it a  
15 couple more times.

16 A. Okay.

17 (Trustee Exhibit 42 marked for  
18 identification.)

19 Q. I'm placing before you what's been  
20 marked as Trustee Exhibit 42. Can you take a  
21 minute to review the document.

22 A. (Witness complies.)

23 Q. What does this document appear to  
24 be?

25 A. It's a folder for Arthur and Sofie

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1 Q. And how many S's do you see listed  
2 on the bottom half of the page ending in 423?

3 A. Three.

4 Q. Is there an "S" under profits?

5 A. Yes.

6 Q. Is there an "S" under dividends?

7 A. Yes.

8 Q. And is there an "S" under  
9 interest?

10 A. Yes.

11 Q. And based on your work at BLMIS,  
12 does this indicate to you that this was an  
13 account that received its profits?

14 A. Yes.

15 Q. And this account, would it receive  
16 its profits automatically without written  
17 instruction from the customer?

18 A. Yes.

19 Q. I'd like to mark -- you can put  
20 that exhibit away Ms. Sala, thank you.

21 I'd like to mark...

22 (Trustee Exhibit 43 marked for  
23 identification.)

24 Q. I've placed before you what's been  
25 marked as Trustee Exhibit 42, which -- 43, thank

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1 you, sorry. Trustee Exhibit 43, which bears the  
2 Bates number MF00483413.

3 Ms. Sala, do you recognize this  
4 document?

5 A. Yes. It's a statement for Arthur  
6 and Sofie Blecker, account number 100215-1-0 for  
7 July 1991.

8 Q. And the account number of  
9 100215-1-0 is a convertible arbitrage account?

10 A. Yes.

11 Q. And that's an older account  
12 number?

13 A. Yes, it is.

14 Q. And if I could direct your  
15 attention about halfway down the page to a  
16 transaction on July 11th, do you see a  
17 transaction with a description of "check Health  
18 South"?

19 A. Yes.

20 Q. PW. And what is the amount of  
21 that transaction?

22 A. \$12,364.06.

23 Q. Okay. Ms. Sala, if I could turn  
24 your attention to Trustee's Exhibit 22, which is  
25 the exhibit that is to your left. And if I

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1 could direct your attention to the page ending  
2 in 1651, looking at the page Trustee Exhibit 22,  
3 ending in 1651, do you see any transactions that  
4 relate to Arthur Blecker?

5 A. Yes.

6 Q. And what is the transaction on  
7 Trustee Exhibit 22 that relates to Arthur  
8 Blecker?

9 A. A capital withdrawal for  
10 \$12,364.06.

11 Q. And you're looking at Trustee  
12 Exhibit 22 right now, correct?

13 A. Yes.

14 Q. And Trustee exhibit -- next to the  
15 amount of \$12,364.06, right to the left of that,  
16 what are the two letters that are listed there?

17 A. PW. That's a profit withdrawal.

18 Q. Not a capital withdrawal, correct?

19 A. Right.

20 Q. Okay. And to the left of that,  
21 what is the account number that we see listed  
22 next to Arthur Blecker's name?

23 A. 100215-10.

24 Q. And if I could direct your  
25 attention back to Trustee Exhibit 43, do you see

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1 a corresponding transaction for Mr. Arthur  
2 Blecker in the amount of \$12,364.06?

3 A. Yes.

4 Q. And keeping with Exhibit 43, to  
5 your knowledge does that amount represent a  
6 payment of profits to Arthur Blecker relating to  
7 securities in Health South?

8 A. Yes.

9 Q. And turning back to Trustee's  
10 Exhibit 22, the entry relating to Arthur  
11 Blecker, if you could once again state for the  
12 record what this page of the document -- what  
13 book this document is contained in?

14 A. The check-out book.

15 Q. And the check-out book refers  
16 to -- contains listings of check payments that  
17 were made to customers?

18 A. Yes.

19 Q. And in this case the check payment  
20 was made to Arthur Blecker, whose name is listed  
21 on the page ending in 1651?

22 A. Yes.

23 Q. And that transaction is a PW  
24 transaction?

25 A. Yes, it is.

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1 Q. I'd like to continue with Trustee  
2 Exhibit 43, and direct your attention to a  
3 transaction on July 22nd, 1991 in the account of  
4 Arthur Blecker, account number 100215-1-0.

5 Do you see a profit withdrawal  
6 transaction relating to "check Liberty  
7 National"?

8 A. Yes.

9 Q. And what amount is that profit  
10 withdrawal transaction?

11 A. \$1,375.28.

12 Q. And to your knowledge does the  
13 transaction on July 22nd relating to check  
14 Liberty National reflect a payment of profits to  
15 the account holder?

16 A. Yes.

17 Q. Is that payment in the amount of  
18 \$1,375.20 -- 28 cents?

19 A. Yes.

20 Q. To your knowledge was any check  
21 ever sent in that amount to Liberty National  
22 directly?

23 MS. CHAITMAN: Objection as to  
24 form.

25 A. No.



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1 Q. Turning to Trustee Exhibit 22  
2 again. If I may direct your attention to the  
3 page ending in 1655.

4 Sticking with Trustee Exhibit 22  
5 and the page ending in 1655, what is this -- can  
6 you tell us again what this document reflects?

7 A. This is profits going out for  
8 Liberty National Bancorp.

9 Q. Okay. And the amounts listed on  
10 this page in the second column, the page ending  
11 in 1655, those amounts reflect payments to the  
12 customers that are listed in the third column?

13 A. Yes. That's the profit that they  
14 made on Liberty National.

15 Q. And to your knowledge those  
16 profits were sent to the customers?

17 A. Yes.

18 Q. Can I please direct your  
19 attention, if you look on the left-hand column,  
20 quarter of the way down the page there is a  
21 notation on the far left of 215?

22 A. Yes.

23 Q. Do you see that? What is the  
24 amount in the second column?

25 A. \$1,375.28.

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1 Q. And who is the customer in the  
2 third column associated with that transaction?

3 A. Arthur Blecker.

4 Q. If we can turn back to Trustee's  
5 exhibit -- sorry. Let's stay with Trustee  
6 Exhibit 22, with the page ending in 1655.

7 To your knowledge this is a page  
8 that was contained in the check-out book?

9 A. Yes.

10 Q. And the check-out book contains  
11 notations reflecting check payments made to  
12 customers?

13 A. Yes.

14 Q. Turning to Trustee Exhibit 43, do  
15 you see a corresponding transaction in Arthur  
16 Blecker's customer statement dated July 1991 in  
17 the amount that you saw in the check-out book on  
18 the page ending in 1655?

19 A. Yes, I do.

20 Q. And on Trustee's Exhibit 43 what  
21 is the profit withdrawal transaction amount that  
22 corresponds to the check-out book?

23 A. \$1,375 -- yes, I'm sorry,  
24 \$1,375.28.

25 Q. And does the customer statement in

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1 Trustee Exhibit 43 and the check-out book of  
2 Trustee Exhibit 22 reflect that a payment was  
3 made relating to profits in Liberty National to  
4 Arthur Blecker?

5 A. Yes.

6 Q. Turning back to Trustee's Exhibit  
7 22, the page ending in 1655, there's a list of  
8 account names and amounts, and based on -- to  
9 your knowledge are these the customers that  
10 received the amounts in the second column for  
11 securities -- purported securities trading in  
12 Liberty National Bancorp?

13 A. Yes.

14 Q. And the amounts reflect the  
15 profits generated by the purported trading in  
16 Liberty National Bancorp?

17 A. Yes.

18 Q. And the amounts in the second  
19 column were sent to the customers listed in the  
20 third column?

21 MS. CHAITMAN: Objection to form.

22 Q. You can answer.

23 A. Yes.

24 Q. I'm going to ask you to keep  
25 Trustee's Exhibit 22. We are done with

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1 Trustee's Exhibit 43.

2 (Trustee Exhibit 44 marked for  
3 identification)

4 Q. Ms. Sala, I'm placing before you  
5 what's been marked as Trustee Exhibit 44, which  
6 bears the Bates number AMF00154125 through  
7 AMF00154157.

8 Ms. Sala, this document is quite  
9 long, but my questions are going to be focused  
10 on the first and second pages of this document.

11 So, starting with the first page  
12 of the exhibit, Trustee Exhibit 44 ending in the  
13 page number 125, do you recognize this document?

14 A. Yes. It's a maintenance folder  
15 for Aaron Blecker.

16 Q. And what account number is  
17 associated with this maintenance folder?

18 A. 1B0156-30/40.

19 Q. And the dash 30/40, those are not  
20 convertible arbitrage accounts?

21 A. No.

22 Q. Turning to the second page of  
23 Trustee Exhibit 44, ending in 126 -- you can  
24 bend it if that's easier, or take the clip off.

25 So Trustee Exhibit 44, page ending

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1 Q. What do you mean?

2 A. I mean the profit went out after  
3 the account was closed. That's what it looks  
4 like.

5 Q. What are you basing that on?

6 A. The dates.

7 Q. Okay. Can you explain that.

8 A. Well, on the 21st -- well, not  
9 really. On the 21st they sent out the remaining  
10 balance of his account. And then the profit,  
11 because it wasn't ready at that time, two days  
12 later the profit went out on the Centocor.

13 Q. Okay. And are those two  
14 transactions, taken together, consistent with  
15 what the customer requested in his letter of  
16 April 1996?

17 A. Yes, it is.

18 Q. We're done with that exhibit, Ms.  
19 Sala.

20 A. Okay.

21 (Trustee Exhibit 48 marked for  
22 identification.)

23 Q. I've placed before you what's been  
24 marked as Trustee Exhibit 48, which has the  
25 Bates number of MF00483416.

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1 Ms. Sala, can you identify this  
2 document?

3 A. It's a statement for CAB Trust for  
4 July 31st, '91, account number 1-00218-10.

5 Q. And the account number of  
6 1-00218-10, that's an arbitrage account,  
7 correct?

8 A. Yes.

9 Q. That's an account that you dealt  
10 with during your employment at BLMIS?

11 A. Yes, it is.

12 Q. I'd like to direct your attention  
13 to the bottom of Trustee Exhibit 48, with a  
14 transaction on July 22nd. Do you see a profit  
15 withdrawal transaction on that date?

16 A. Yes.

17 Q. And what is that transaction?

18 A. \$355.59.

19 Q. And what security does that  
20 transaction relate to?

21 A. Liberty National.

22 Q. And to your knowledge does this  
23 transaction on July 22nd reflect a payment of  
24 profits from purported trading in Liberty  
25 National?

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1 A. Yes.

2 Q. And was that payment of -- excuse  
3 me. Was the transaction of July 22nd a payment  
4 to the customer in the amount of \$355.59?

5 A. Yes.

6 Q. I'd like to turn back to Trustee  
7 Exhibit 22, to the page ending in 1655,  
8 HWN00001655.

9 Ms. Sala, I know you testified  
10 previously, but could you tell us again what  
11 this page reflects.

12 A. The check-out book, the checks for  
13 profits or capital withdrawals, whatever, that  
14 go out on a certain date.

15 Q. And the page that you're looking  
16 at which ends in 1655, do you see any entries  
17 relating to CAB Trust or Joel A. Blum?

18 A. Yes.

19 Q. And what is that entry?

20 A. Account number 1-00218-10 in the  
21 amount of \$355.59 to CAB.

22 Q. And that amount that you just read  
23 for us reflects a profit in Liberty National  
24 Bancorp?

25 A. Yes.

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1 Q. And the amount listed on Trustee  
2 Exhibit 22 on page number 1655 reflects a  
3 payment to CAB 1st in the amount of \$355.29,  
4 correct?

5 A. Right. 59 cents, right.

6 Q. So turning to Trustee Exhibit 48,  
7 do you see a corresponding transaction to that  
8 customer account holder in that amount relating  
9 to Liberty National Bancorp on the customer  
10 statement dated July 31st, 1991?

11 A. Yes, I do.

12 Q. And do those transactions match  
13 exactly?

14 A. Yes, they do.

15 Q. Based on your review of these two  
16 documents, do you believe that the transaction  
17 of \$355.59 was a payment made to CAB 1st of his  
18 profits relating to Liberty National Bancorp?

19 A. Yes.

20 Q. Sticking with the Trustee Exhibit  
21 22, looking at the page that you have open,  
22 1655, you testified that this page is part of a  
23 document reflecting checks out, correct?

24 A. Yes.

25 Q. And the transactions that are



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1 reflected on this page do not represent checks  
2 to companies to purchase securities; is that  
3 correct?

4 A. Yes.

5 Q. Those transactions that are listed  
6 on page 1655 reflect payments to customers; is  
7 that correct?

8 A. Yes.

9 Q. We're done with both Exhibit 48,  
10 and if you could keep Exhibit 22 for now,  
11 though, that would be great.

12 A. Okay.

13 (Trustee Exhibit 49 marked for  
14 identification.)

15 Q. Ms. Sala, I've placed before you  
16 what's been marked as Trustee Exhibit 49, which  
17 bears the Bates number MADTSS00336514, and ends  
18 in Bates number MADTSS00336578.

19 Ms. Sala, this document's quite  
20 long, but let me ask you at the outset, based on  
21 the cover page, is this a document you're  
22 familiar with?

23 A. No.

24 Q. Have you ever seen this document?

25 A. No.

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1 Q. The document is entitled "Madoff  
2 Investment Securities House 17 Manual." Were  
3 you aware that -- sorry, let me back up.

4 What does House 17 refer to?

5 A. I don't know.

6 Q. During your employment at BLMIS,  
7 were you aware of any manuals relating to BLMIS?

8 A. No.

9 Q. No?

10 A. Ut-uh.

11 Q. Did you ever hear anyone -- during  
12 your employment did you ever hear anyone discuss  
13 a manual?

14 A. No.

15 Q. Ms. Sala, I'd like to direct your  
16 attention to the page ending in 528. The top of  
17 the page ending in 528 refers to conversions.  
18 Do you know what conversions are?

19 A. No.

20 Q. Would you look about halfway down  
21 the page, there's a paragraph that starts with,  
22 "When customers are to be converted, Joanne will  
23 give you copies of due date report."

24 Do you know if that sentence is  
25 referring to you?

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1 worked with on a daily basis?

2 A. You know, I really don't know what  
3 that means because when we were sending profit  
4 checks out, either they were put in this book or  
5 I think later on they came out on computer  
6 sheets, that she just, you know, went according  
7 to that.

8 Q. When you say "she," who are you  
9 referring to?

10 A. Jodi. And the only other thing  
11 that I would write in the check-out book is  
12 capital withdrawals.

13 Q. Okay. And when you say the only  
14 other thing that you would write in the  
15 check-out book, you would write capital  
16 withdrawals, as well as profit withdrawals?

17 A. No. Those were computerized,  
18 later on. Not now, not in this year, whenever  
19 this was. This was early on.

20 Q. When you say this was early on,  
21 are you referring to the spiral notebook in  
22 Trustee Exhibit 22?

23 A. Yeah. The profits, yeah.

24 Q. And subsequent -- let me back up.  
25 During the time period that you

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1 left BLMIS in 1998, the profit withdrawals were  
2 reflected in a computerized format?

3 A. Um-hum.

4 Q. Yes?

5 A. Yes.

6 Q. And they were not reflected in a  
7 handwritten notebook like the spiral notebook in  
8 Trustee Exhibit 22?

9 A. No. Not the profits.

10 Q. I would like to turn your  
11 attention back to Trustee Exhibit 49, the page  
12 ending in 545. Do you see there is a reference  
13 to check codes?

14 A. Yes.

15 Q. What does -- there's A, B, C and D  
16 under the check codes. What does A refer to?

17 A. That's a profit withdrawal, check  
18 that comes from setups in binder are 10 accounts  
19 and always profit withdrawal. On description  
20 type check and stock name. Interest checks are  
21 also PW, on description type check interest  
22 date.

23 Q. And on the portion of that, the  
24 document that you just read where it says  
25 description type check plus -- check and stock



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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----x  
SECURITIES INVESTOR PROTECTION  
CORPORATION,

Plaintiff,

-against- Adv. Pro. No.  
08-01789(SMB)

BERNARD L. MADOFF INVESTMENT SIPA Liquidation  
SECURITIES, LLC, (Substantially  
Consolidated)

Defendant.

-----x  
In Re:

BERNARD L. MADOFF,

Defendant.

-----x  
June 13, 2016  
9:58 a.m.

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Videotaped Continued Deposition of JOANN  
SALA, taken by attorneys for the Trustee, at the  
home of JoAnn Sala, Redacted ,  
Redacted , before SUZANNE PASTOR, a Shorthand  
Reporter and Notary Public within and for the  
State of New York.

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1 let me back up for a second.

2 Ms. Sala, do you recognize Trustee  
3 Exhibit 64?

4 A. Yes.

5 Q. And what is it?

6 A. It's the account of Teresa and  
7 Lawrence Ryan. And this tells you the type of  
8 account -- the name, the address, the group name  
9 and whether they're going to take profits or  
10 not, and the type of account that it is.

11 MS. BROWN: Let the record reflect  
12 the witness is reviewing the page with the Bates  
13 number AMF 00142427.

14 Q. Ms. Sala, what does this document  
15 appear to be, the entirety of the document?

16 A. That they opened an account and all  
17 the information that they gave us is in here.  
18 That's it. And their account number, the group  
19 that they were in. That's all.

20 Q. If I could have you turn to the  
21 page ending in 441 of Trustee Exhibit 64,  
22 Ms. Sala, do you recognize this document?

23 A. Yes.

24 Q. What is that document?

25 A. It's a letter from a customer

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1 making a change to his account.

2 Q. And what type of change did the  
3 customer make?

4 A. He wanted to change it to a  
5 reinvest account.

6 Q. And how do you know that?

7 A. Because he said "please hold the  
8 distribution for account number 1R00731," which  
9 is Lawrence and Teresa Ryan.

10 Q. Ms. Sala, directly under the date  
11 there's some initials. Do you recognize those  
12 initials?

13 A. Yes. Mine.

14 Q. Those are your initials?

15 A. Yes.

16 Q. To your knowledge, is this letter  
17 addressed to you?

18 A. No -- well, it's addressed to  
19 Madoff. They might have had on the envelope  
20 attention JoAnn. I don't know.

21 Q. The top line of the letter, what  
22 does the type line of the letter read?

23 A. "Dear JoAnn."

24 Q. Do you believe that's you?

25 A. Yes.



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1 Q. After receiving the type of letter  
2 that we see in the page ending 441, what would  
3 you do?

4 A. I would change it in the ledger  
5 book and change it from a profit withdrawal to a  
6 reinvest, initial it and put it in their file.

7 Q. And we do see your initials on this  
8 document, correct?

9 A. Yes.

10 Q. And do your initials there reflect  
11 that you made a change to the account?

12 A. Yes.

13 Q. Turning back to Trustee Exhibit 63,  
14 do you see a notation on the folder cover of  
15 Trustee Exhibit 63 that corresponds to the  
16 letter we just reviewed in Trustee Exhibit 64?

17 A. October 10th, yes.

18 Q. And what happened on October 10th,  
19 1995?

20 A. It was changed. The letter  
21 obviously was written and then sent, and it  
22 probably took a week before we actually made the  
23 change.

24 Q. What change did you make?

25 A. We changed it to a reinvest from a

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1 send.

2 Q. And that's what was reflected in  
3 the letter that we looked at in Trustee Exhibit  
4 64?

5 A. Yes.

6 Q. Ms. Sala, you testified that you  
7 made changes to this account, correct?

8 A. Yes.

9 Q. And did you make them  
10 contemporaneously with receiving the letter from  
11 the customer?

12 A. Yes.

13 Q. We're done with those exhibits for  
14 now.

15 I'd like to mark the document  
16 bearing the Bates number MF 00177098 as Trustee  
17 Exhibit 65.

18 (Trustee Exhibit 65 for  
19 identification, MF 177098)

20 Q. Ms. Sala, do you recognize this  
21 document?

22 A. Yes. It's a statement for Teresa  
23 Ryan and Lawrence Ryan, July 31st, 1995.

24 Q. And what account number is  
25 associated with the document in Trustee Exhibit

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1 Q. But you personally did receive  
2 phone calls from customers when they did not  
3 receive checks.

4 A. Yes.

5 Q. And what would you do when you  
6 received that phone call?

7 A. See if the checks went out.

8 Q. And who would you check with?

9 A. The -- well, in their ledger it  
10 would show. And the check-out, the spiral  
11 check-out book.

12 Q. Thank you.

13 I'd like to turn to Trustee Exhibit  
14 46. If you could turn to the page ending in  
15 356, which is the second page of that document.  
16 Ms. Sala, you testified that you're familiar  
17 with this type of form, correct?

18 A. Yes.

19 Q. And this was a form used by BLMIS  
20 employees?

21 A. Yes.

22 Q. And was this form filled out by  
23 BLMIS employees?

24 A. Yes.

25 Q. Does this form reflect the

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1 customer's account number?

2 A. Yes.

3 Q. And does this form reflect the  
4 customer's name?

5 A. Yes.

6 Q. Does this form reflect the  
7 customer's address?

8 A. Yes.

9 Q. Does this form reflect the  
10 customer's Social Security number?

11 A. Yes.

12 Q. When you worked at BLMIS, did you  
13 fill out this form for any customer accounts?

14 A. I must have. I imagine I have.

15 Q. And when you worked at BLMIS, did  
16 you complete this form accurately?

17 A. Yes.

18 Q. Was this form filled out as part of  
19 your duties at BLMIS?

20 A. If I was opening the account, yes.

21 Q. So if you were opening the account,  
22 you would fill out the name and address file  
23 maintenance form that's reflected in the page  
24 ending 356?

25 A. Yes.